WHITE PAPER

HSG

BEST PRACTICES FOR PRACTICE MANAGEMENT REPORTING

Data Drives the Future of Physician Practice Management

MARCH 2022

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Words from the Team

Dear Colleague:

This white paper was created to outline best-practices for measuring, reporting, and building a constant stream of key performance indicators related to your physician network. Making sense of the data and understanding its implications becomes much easier through effective reporting, enabling management to make more informed strategic decisions. We recommend using consistent metrics across audiences, from practice managers to executives. However, each audience should be provided with varying levels of detail to best support their job function.

Visualization of key data points compared to external benchmarks will enable your team to respond quickly to identified inefficiencies or opportunities related to your physician enterprise. Executives, directors, and practice managers should always be on the same page and looking at similar data on a regular cadence. Level of detail should be specific to each audience while providing meaningful insights on overall network performance.

We hope you find this whitepaper useful in evaluating and enhancing the performance of your physician network. If you need an outside perspective, we can partner with you to build and execute a data management and reporting structure specific to your physician network.

We look forward to any feedback you have.

Davis **Creech** Beth **Simpson**

Making sense of data and understanding its implications becomes much easier through effective visualization and delivery of reporting, enabling management to make more informed strategic decisions.

Introduction: Data Drives the Future of Physician Practice Mangement

As health systems continue to employ larger numbers of physicians, many challenges have emerged. Due to mismatches in supply and demand, inadequate management infrastructure, and organizations' willingness to invest capital in practices, losses on employed physician networks have steadily risen. In fact, many organizations are at the point where there is a threat to the hospital's bottom lines. Hospitals have been willing to invest their money in physician practices as it brought community access, ED coverage, and ensured market viability. Health systems also realize that by building their employed network they are investing in capabilities to improve quality by better coordinating care and managing risk contracts over the long term.

All these factors have been discussed within the industry, but most health systems still do not have a sophisticated understanding of the root cause of the losses in their network. To pinpoint where these losses start, health systems must embrace a data-driven management style. Data will be the key to successful physician networks in the future.

Questions for Management to Start the Discovery Process.

- Do we currently equip decision-makers with metric-driven management **dashboards** to inform operational and strategic decisions?
- Do we have the management, IT infrastructure, and staffing to effectively mine and report on key data **metrics**?
- Which **team members** have the greatest ability to effect change for each metric?
- With what **frequency** (weekly, monthly, and quarterly), and by whom, should dashboard metrics be reported and reviewed?

Dashboards

Do we currently equip decision-makers with metric-driven management dashboards to inform operational and strategic decisions?

To sustain services for an organization's community, provider networks must achieve operational efficiencies. What data does management need to determine levels of efficiency? Identifying which data sources are required is only one factor. Making sense of the data and understanding its implications becomes much easier through effective reporting, enabling management to make more informed strategic decisions. We recommend using consistent metrics across audiences, from practice managers to executives. However, each audience should be provided with varying levels of detail to best support their job function.

EXECUTIVE LEVEL DASHBOARD REPORTING

Below are the top four metrics we recommend including in dashboards created for an executive-level audience:

1. **wRVUs -** wRVUs are a good indicator of the productivity of a provider. If wRVUs are not on pace to meet budget expectations, revenue will likely also suffer.

2. **Collections -** Cash is king and knowing where your organization stands with its collections is important if you want to avoid surprises at the end of the year. Likewise, you can start to ask questions and drill down into additional data as questions arise. For example, "wRVUs are on target but collections are low. Why?" You can dive into details such as payer mix, denials, the fee schedule, and adjusted collections rate to see what may be contributing to the mismatch and how you can work to remedy the situation.

3. **Denial rates -** Avoiding and amending denials are key to an optimally performing network. Having a pulse on denials enables organizations to work the problem with education and training on the front end of the claim while also working to remedy the denial on the back end.

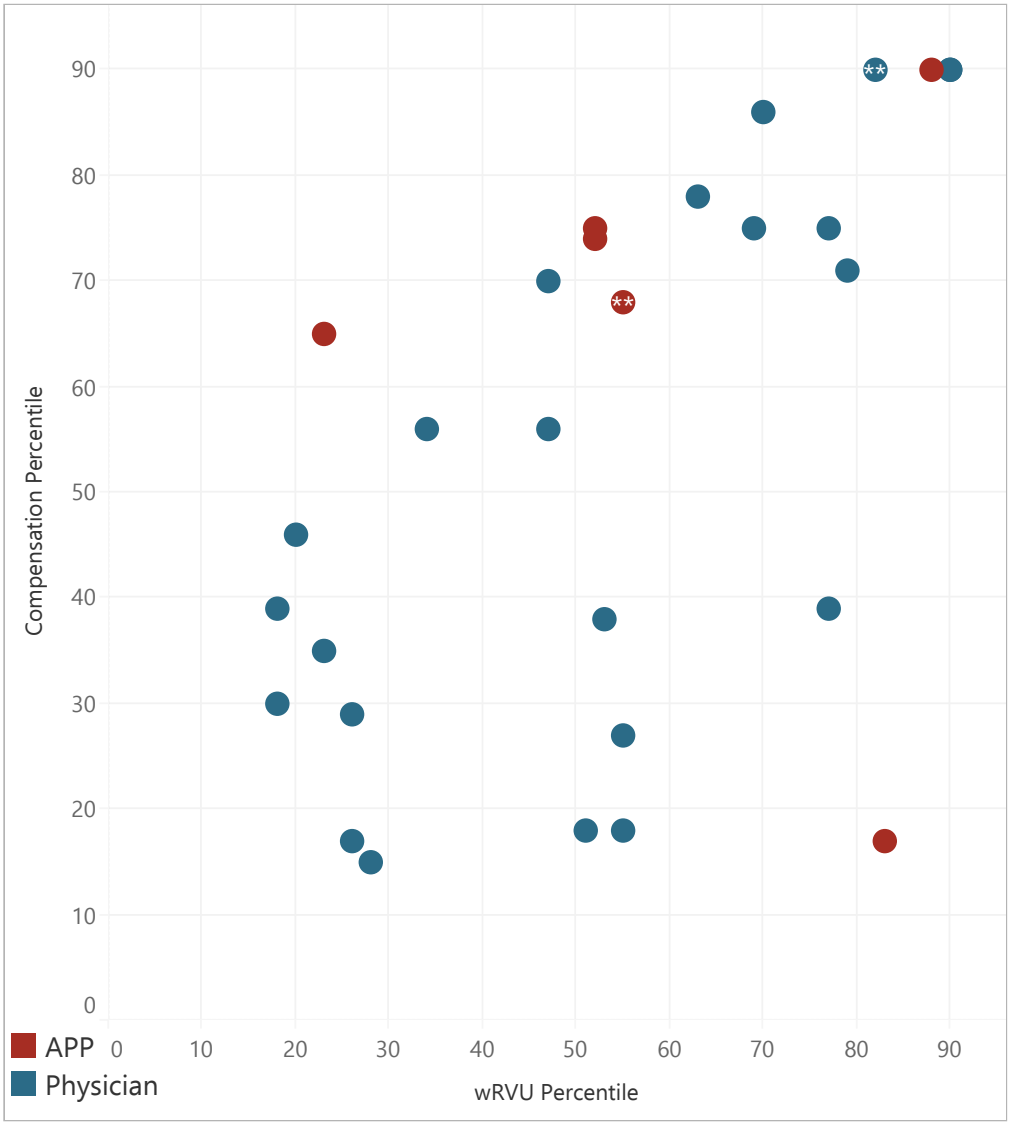
4. **Provider compensation compared to wRVU production -** Pairing wRVU production visuals with total compensation can aid organizations as they evaluate risk related to fair market value and provider retention. Paying compensation to providers at a rate that far outpaces their level of wRVU production can be problematic. Having the ability to track the relationship between the two values, and engage third parties as necessary is important. On the flip side, providers who produce wRVUs at a rate that far exceeds their level of compensation should be flagged as a retention risk. Having a pulse on these individuals so you can swiftly act is valuable.

Executive Level Dashboard – Overall Physician Network

Visualizing executive dashboard metrics should be completed monthly and compared to an organization's target and external benchmarks. This enables organizations to respond quickly to inefficiencies and opportunities. Recommended executive level dashboard metrics, as shown in Figures 1-5, should be concise and represent the network, in total.

FIGURE 1 **PRODUCTIVITY AND COMPENSATION PERCENTILES BY PROVIDER**

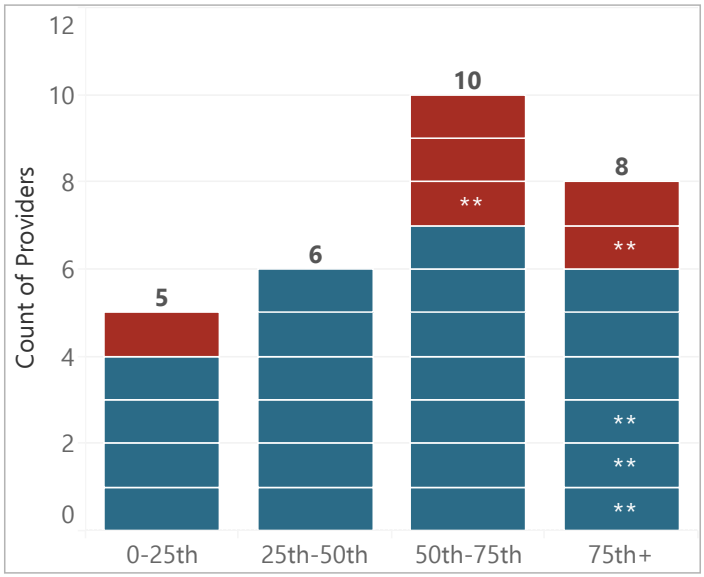
PERIOD
2021



Position along the x and y axes reflects wRVU and compensation (respectively) percentile as compared to 2021 MGMA Survey (National).

Each dot represents one provider.
Color coded by provider type.
***** Denotes hire date during FY2021
****** Denotes hire date during FY2020

FIGURE 2 NUMBER OF PROVIDERS IN EACH PRODUCTIVITY QUARTILE



***** Denotes hire date during FY2021
****** Denotes hire date during FY2020

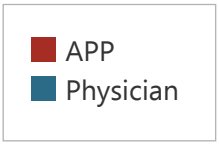


FIGURE 3 ACTUAL vs TARGET wRVUS

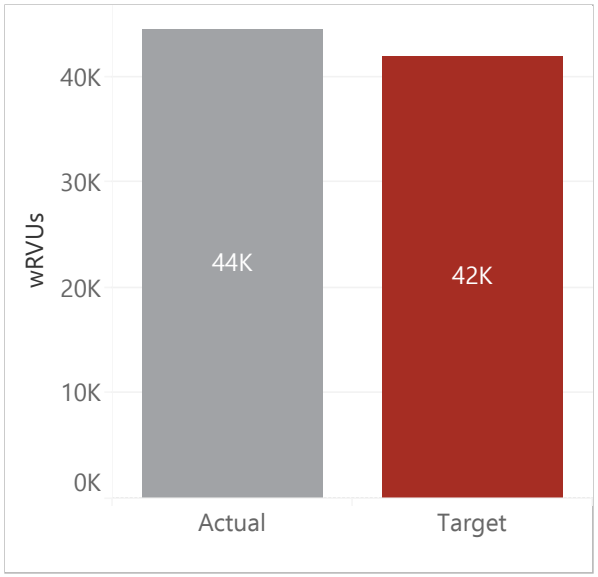
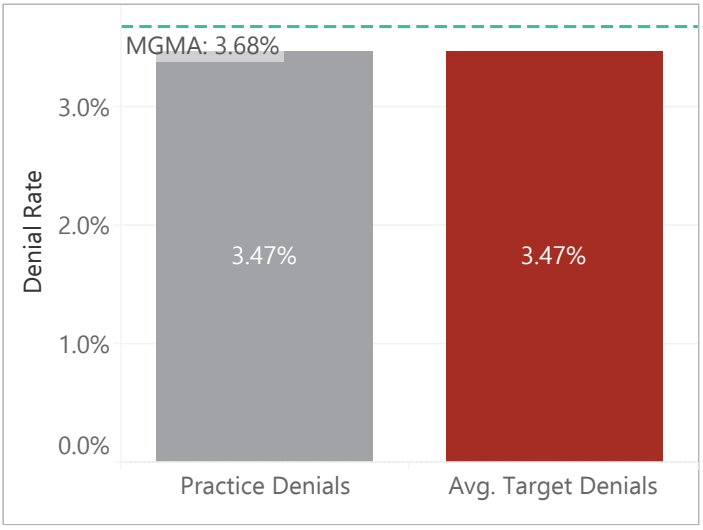


FIGURE 4 ACTUAL vs TARGET vs MGMA MEDIAN DENIALS



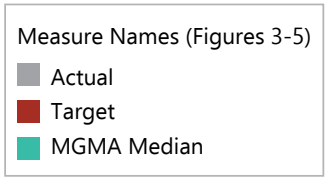
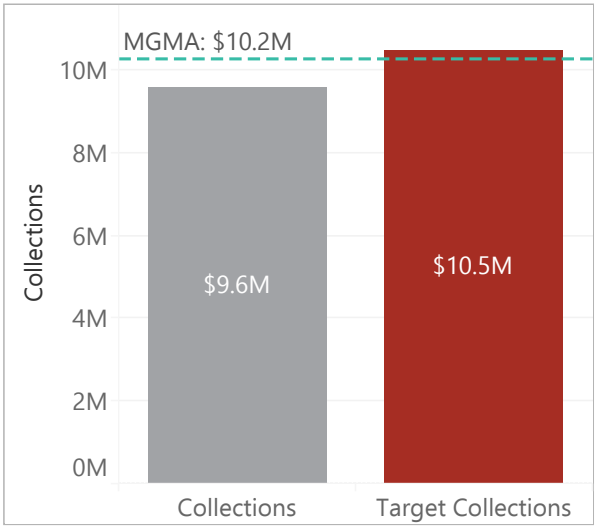


FIGURE 5 ACTUAL vs TARGET vs MGMA MEDIAN COLLECTIONS



Furthermore, executive leadership should have consistent information fed to them on the productivity of their providers and how productivity is trending over time. The Figure below is a sample of provider productivity over time based on their year of hire. Identifying providers with longer tenure and lagging productivity levels can provide immediate insight into potential areas of needed attention. Having information such as this with detail based on specific year of hire by specialty may be warranted based on the organizational size.

FIGURE 6 **PROVIDER PRODUCTIVITY TENURE**

Provider Type	Year Hire	0-25th	25th-50th	50th-75th	75th+	Total
Physician	** 2020				3	**3**
	Pre-2020	4	6	7	3	**20**
APP	** 2020			1	1	**2**
	Pre-2020	1		2	1	**4**
Grand Total		**5**	**6**	**10**	**8**	**29**

DIRECTOR LEVEL DASHBOARD REPORTING

Dashboards targeted for directors should include the same metrics as the executive dashboard but with expanded data on practice specificity. We suggest including three additional metrics.

1. **No-show rate –** No-shows can strain a practice financially for obvious reasons. No patients equals no revenue. Ensuring measures are in place to combat no-shows are crucial for the overall health of a practice.
2. **Staffing –** Appropriate staffing is as much an art as it is science. Knowing how your staffing compares in the range of per FTE physician, per FTE provider, and per 10,000 wRVUs will enable you to make informed decisions and plan for increases or decreases in providers or productivity.
3. **Coding –** The Centers for Medicare and Medicaid Services ("CMS") reports average distributions of Evaluation and Management ("E/M") codes by specialty. Comparing your providers to CMS' data enables organizations to identify potential risks of over or under-coding and quantify revenue opportunity if providers were to code equal to the average of their specialty.

On top of a practice level overview similar to the executive level reporting, adding staffing, coding, and no-show rate comparisons for each practice and coding indicators by provider for the director level dashboard is crucial. The incremental data points enable a director to truly understand how the practice is performing. A sample of key data points are included in the Figures 8-10 below.

FIGURE 7 TOTAL STAFFING FTES COMPARED TO MGMA MEDIANS

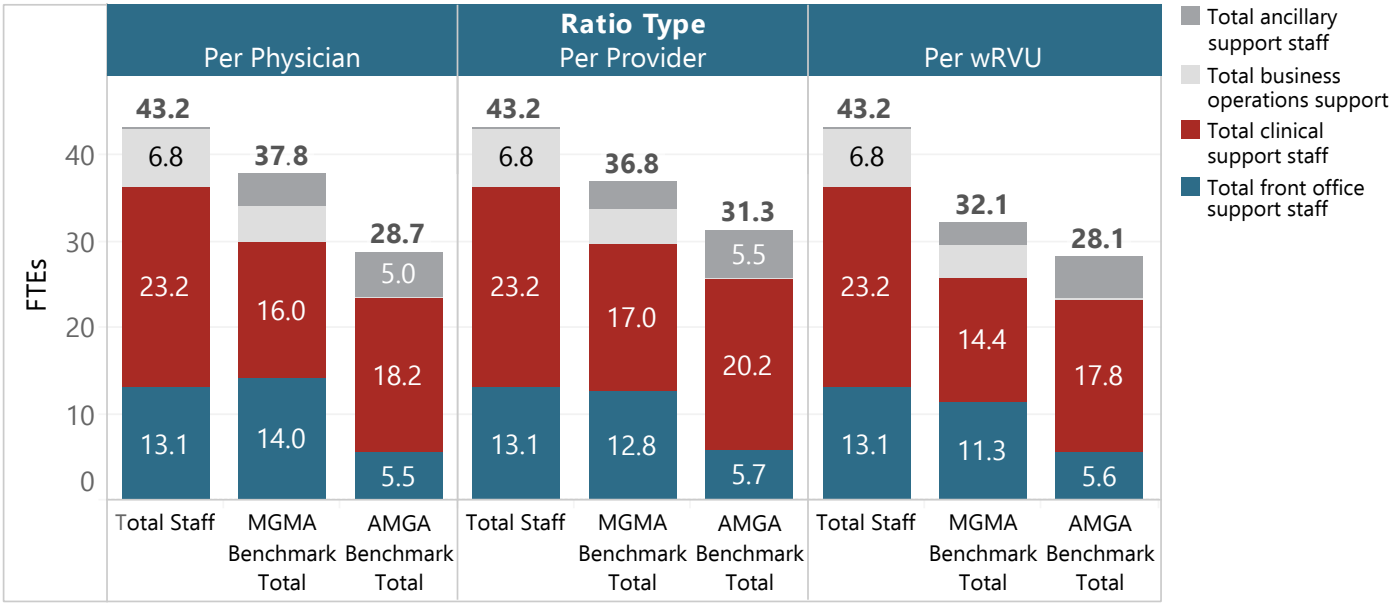


FIGURE 8 NO SHOW RATE vs MGMA MEDIAN

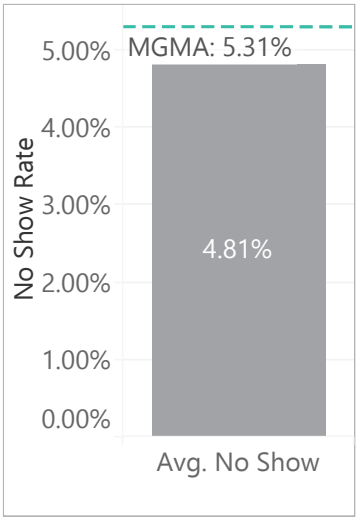


FIGURE 9 PRIMARY CARE NORTH PROVIDER CODING CURVES COMPARED TO CMS AVERAGE

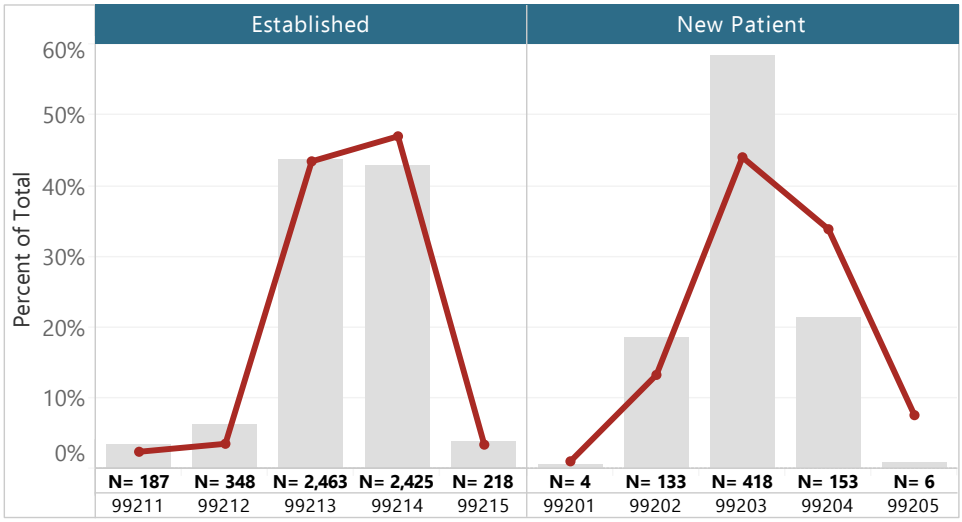
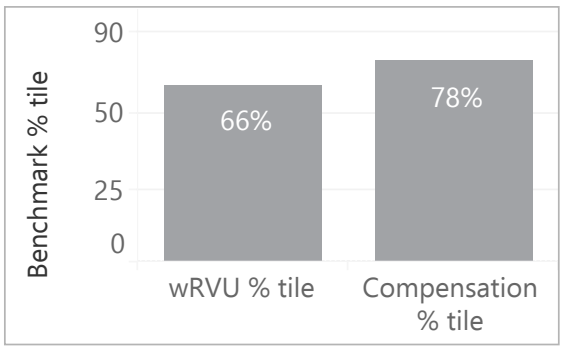


FIGURE 10 **AVERAGE wRVU PER E/M VISIT COMPARED TO MGMA MEDIANS**

PRACTICE MANAGER LEVEL DASHBOARD REPORTING

Practice managers should review the same practice-specific dashboards as directors, but also have the ability to look deeper at the individual provider level. Additionally, the provider specific dashboards should be shared with individual providers so everyone is aware of the current state and working towards the same goals. The provider dashboards should be reviewed regularly with each provider on an individual basis as some data elements can be sensitive. This will enable dialogue regarding successes and tactics for improvement.

FIGURE 11 **wRVU vs COMPENSATION BENCHMARK PERCENTILES**



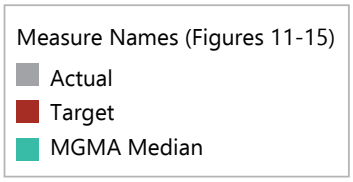


FIGURE 12 **ACTUAL vs TARGET wRVUS**

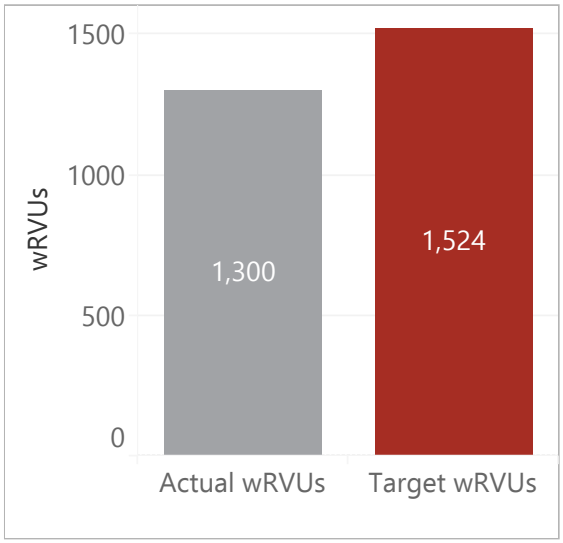


FIGURE 13 **NO-SHOW RATE vs MGMA MEDIAN**

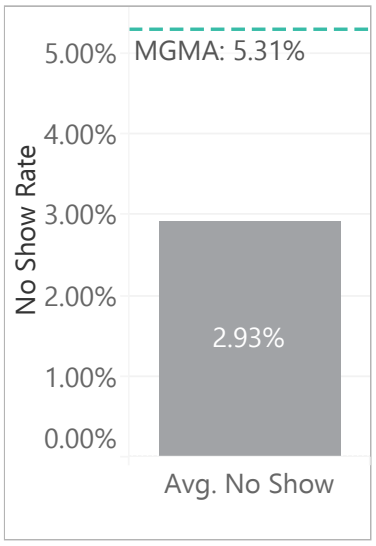


FIGURE 14 **ACTUAL vs TARGET vs MGMA MEDIAN DENIALS**

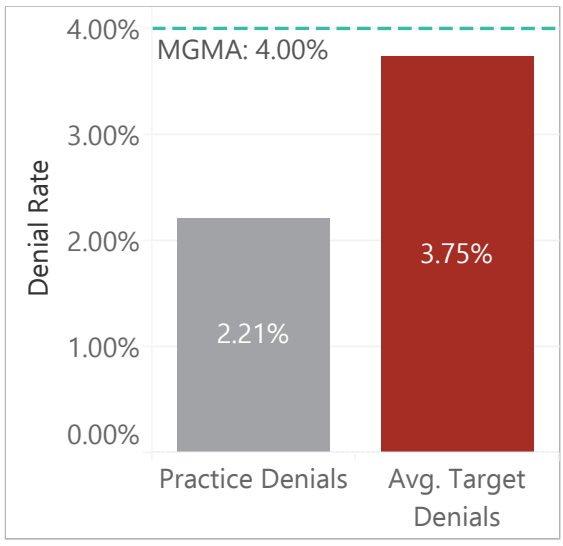


FIGURE 15 **ACTUAL vs TARGET vs MGMA MEDIAN COLLECTIONS**

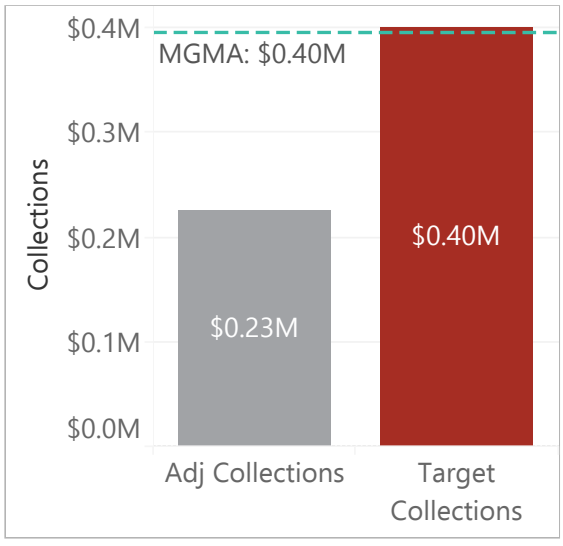
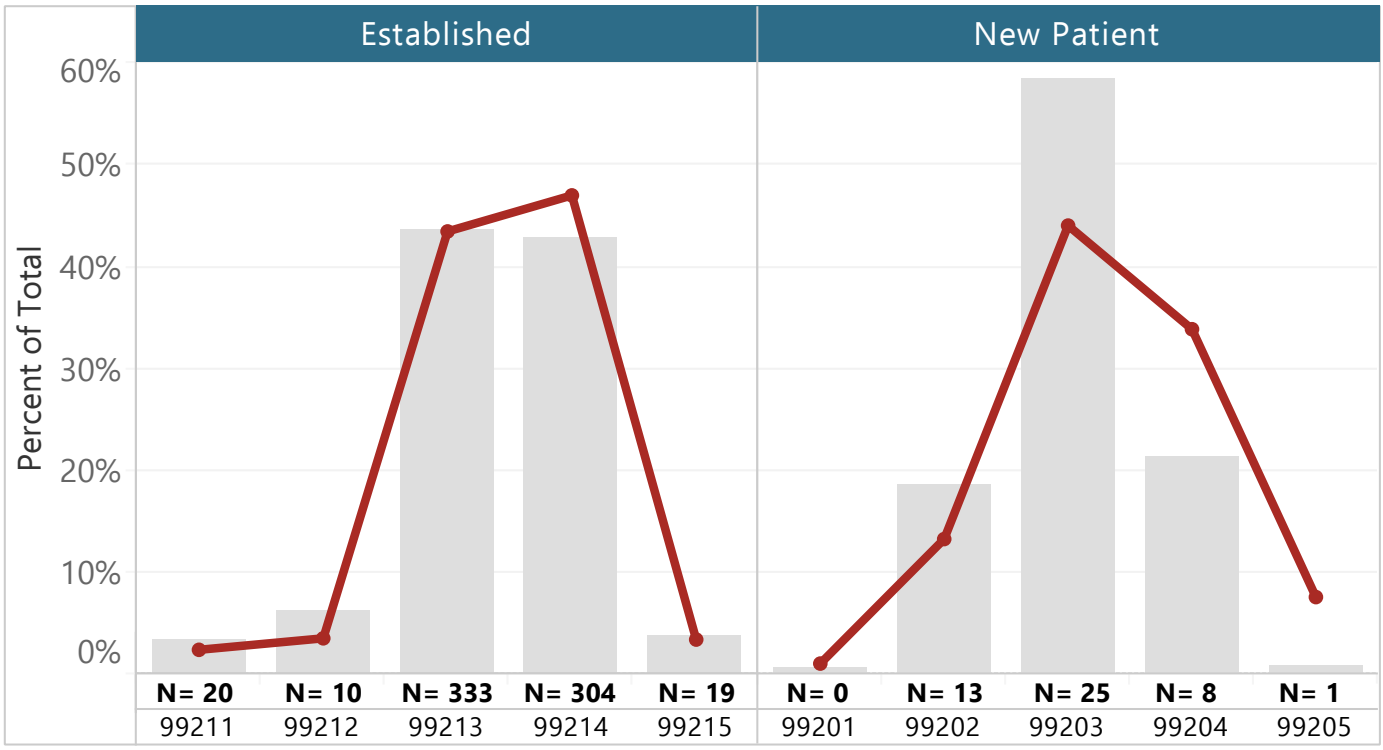


FIGURE 16 **DR. AUGUSTA WIND - CODING CURVE COMPARED TO MGMA MEDIANS**



Metrics

Do we have the management, IT infrastructure, and staffing to effectively mine and report on key data metrics?

Metrics can always be added or removed from the dashboard; however, we believe the metrics we have outlined in this example are appropriate starting metrics. Organizations must consider what data can be accurately tracked and reported. If that is only one data point, start with it. Providing a visual representation of even this one data point, will be more effective than just using numbers to evaluate the data. Lastly, every person involved in the operations or revenue cycle of the practice should be able to interpret the dashboards and be aware of progress.

The team(s) that will be accountable for the metrics should work collaboratively to build the metrics and targets. Meaning IT, operations, revenue cycle, and providers (if they desire) should be involved in the creation process to ensure data can be accurately tracked and reported while also creating an invested interest from the team. When establishing targets and goals you want to be realistic. It might be impossible to reach the 75th percentile or increase production by 20%. The more important issue is to accurately measure and monitor the progress against your current target or budget. When comparing individual systems to benchmarks, we often suggest the median as a starting point then adjust expectations based on your performance.

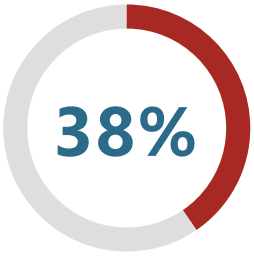
Having effective electronic medical records ("EMR") and practice management systems are at the center of creating dashboards that provide a general understanding of an organization's wellness. Knowing where data is housed, who is responsible for input and reporting the data, and having the entire process as seamless and automated as possible is essential for success. Often, desires and expectations are left unmet when it comes to the capabilities of EMR. Having the infrastructure and people in place to manipulate data and reconfigure systems will enable an organization to use an EMR to its full potential and reduce the manual workload.

Dashboard Owners

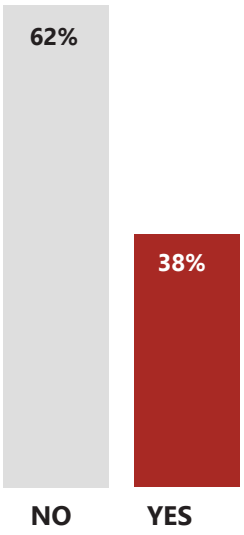
Which team members have the greatest ability to effect change for each metric?

EMPLOYEE ENGAGEMENT

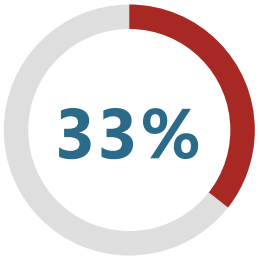
The last two years have been trying for providers and staff. Organizations have experienced staff quitting or being terminated for a variety of reasons, as well as physicians retiring early or leaving due to burnout, according to MGMA Stat polls.



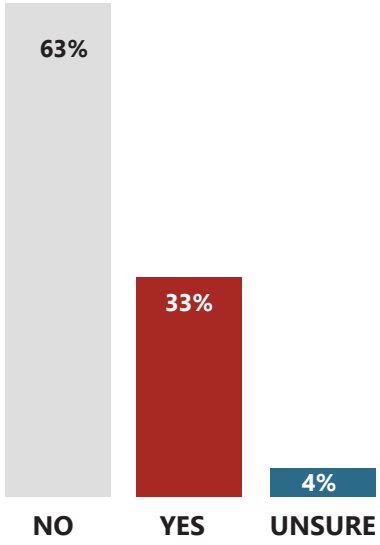
38% of medical practices had **staff quit or terminated due to COVID-19 vaccination requirements**.



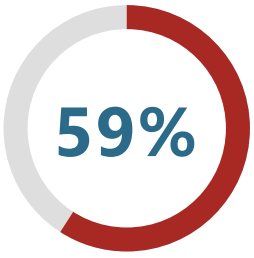
MGMA Stat poll. October 5, 2021
Have any of your staff quit or been terminated due to COVID-19 vaccine requirements?
1018 responses | MGMA.COM/STAT, #MGMASTAT



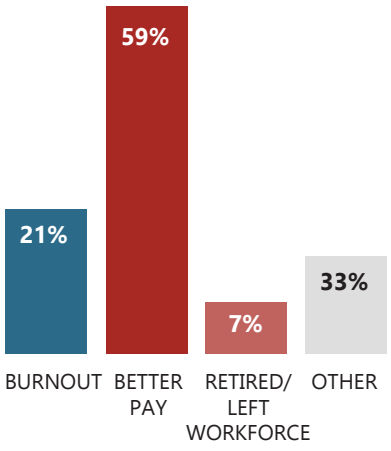
33% of medical practices had **physicians retire early due to burnout in 2021.**



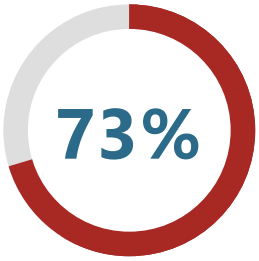
MGMA Stat poll. October 26, 2021
Have physicians retired early or left your practice in 2021 due to burnout?
930 responses | MGMA.COM/STAT, #MGMASTAT



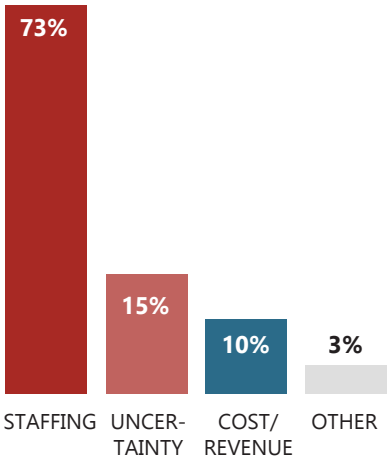
59% of medical practices leaders say **better pay and benefits elsewhere were the top cause of staff turnover 2021**.



MGMA Stat poll. February 1, 2022
Top cause for staff turnover in 2021?
823 responses | MGMA.COM/STAT, #MGMASTAT



73% of medical practices rank staffing as their **biggest pandemic challenge heading into 2022**.



MGMA Stat poll. September 21, 2022
What is your biggest pandemic challenge heading into 2022?
983 responses | MGMA.COM/STAT, #MGMASTAT

Engagement of employees and providers is imperative to overcome the deficits created over the last two years. The routine practice of looking at data-driven metrics, celebrating successes, and collaboratively working to implement changes for improvement will help to engage all stakeholders of the practice. Some examples include:

- Front office staff being incentivized and accountable to fill the schedule and work with billing to ensure information is entered correctly or remedied quickly
- Incentivizing providers to efficiently see patients and complete documentation promptly, usually within 24 to 48 hours of the patient being seen

Organizations need to work with all individuals early in the dashboard development process to gain buy-in and help them understand how it will improve their workflow and benefit the patient. One key component to success is having representatives from each area involved in the build process. Hence, they have a sense of ownership and can obtain and relay feedback from their colleagues to the larger group and disseminate information to their colleagues.

One key component to success is having representatives from each area involved in the build process.

PRACTICE OPERATIONS (PROCESS)

Developing a process for how and when dashboards are reviewed and updated is critical to embedding the dashboards into the organization's culture. An organizational understanding of individual roles and responsibilities of data and people is crucial to working in unison to affect change. Everyone needs to be aware of how everyone contributes to the organization's overall success. Likewise, accountability is instrumental in helping everyone stay the course.

Some individuals will better understand their role and be able to interpret dashboards more quickly than others. Taking the time on the front end to educate all individuals on the data and decide where optimization can occur then work to review and improve with stakeholders is imperative to long-term success. If people are unsure what role they play, they will likely not contribute to achieving the goal. Therefore, implementing a meeting structure that incorporates all stakeholders responsible for inputting, reporting, or improving metrics is an excellent way to keep people engaged. Stakeholders range from IT, revenue cycle, finance, operations, and anyone else contributing to the process. Meetings should be held at a high level with key decision-makers from each department and delegates from each department with practices and practice managers.

VALUE-BASED

As healthcare evolves to value-based care, organizations must have a pulse on their performance and how they are being paid by payers for related services. The first step is to understand what financial incentives your organization has from payers and the specific metrics. Next, an organization needs to know if their entry and reporting for those metrics is a streamlined process. If it is not, work needs to be done to make it streamlined. Often, we are engaged by clients who are unaware of their incentives with each payer, resulting in money likely being left on the table.

Once the processes are built and financial incentives are being achieved, other metrics to consider for implementation are the preventive-based metrics such as mammograms, colonoscopies, pap smears, child immunizations, etc.

MARKET AND SERVICE LINE KNOWLEDGE

Organizations that have their fingers on the pulse of market needs and insight into where to expand service-line offerings will maintain a competitive advantage. Knowing which providers are loyal to the hospital or health system is key to identifying strengths and opportunities among services. In addition, knowing what services are sought outside of the market is crucial to determine if an opportunity exists to meet the need locally.

Reporting and Review Frequency

With what frequency (weekly, monthly, and quarterly), and by whom, should dashboard metrics be reported and reviewed?

Reporting of data and metrics should be a push system where data is fed to each key stakeholder group on a regular interval. Intervals should be determined based on specific need and desires of each cohort individually. The optimal reporting mechanism for your organization can then focus on three specific areas for performance improvement on metrics being reviewed: Accountability, Rewarding Improvement, and Continual Optimization.

ACCOUNTABILITY

Accountability is key to affecting change. Leaders at all levels should monitor the metrics and review them with office management. In turn, office management should be reviewing performance with staff and providers. HSG believes monthly meetings are an excellent time for this review and the associated dialogue about goals and initiatives. This will ensure that all employees and providers are engaged. Embedding the dashboards and the importance of continuous monitoring and optimization into the organization's culture is also essential. Ultimately, the goal is to provide patients with the best possible care. Having that mindset at the forefront of the culture is imperative to launch organizations into the future and make significant changes to stay relevant in an ever-changing world.

REWARDING IMPROVEMENT

Aligning incentives with organizational goals will help everyone on the same team work towards uniform goals. Some examples of incentives are:

- Adjusting providers' compensation model based on how payers pay for the service. If payers have value or quality metrics incorporated into reimbursement, then mirror those metrics for providers, where applicable and appropriate.
- Including all team members in the reward process. This can be as simple as friendly competitions among staff to fill the schedule or as complex as incorporating bonuses based on performance achievement against goals for support staff.

CONTINUAL OPTIMIZATION

There is always room for improvement. Once initial goals are achieved, you can further improve those metrics or add additional metrics to the dashboard to tackle. Continually measuring and monitoring progress and communicating the progress to stakeholders keeps the goals at the forefront of conversations and the culture. Evolving to a high-performance culture by continually optimizing efforts and processes creates long-term success.

Conclusion

Knowing the organization's current state is critical to developing a path for improvement. Include all team members in the process and development of dashboards to ensure engagement and success. Consistently monitor and improve to measure metrics that are important to your organization.

The measurement of these data-driven metrics will help long-term success as organizations begin to shift toward value.

About HSG

HSG builds high-performing physician networks so Health Systems can address complex changes with confidence.

SERVICES

PHYSICIAN STRATEGY
Driving a common strategic focus with engaged physicians.

PHYSICIAN LEADERSHIP
Identifying and engaging strong physician leaders is integral to the network's development and success.

PERFORMANCE IMPROVEMENT
Improving the performance of employed physician networks.

NETWORK INTEGRITY
Leveraging claims-based data to create and monitor strategies for patient attraction and retention

PHYSICIAN COMPENSATION
Aligning physician compensation with Health Systems and employed network goals.

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